



Rewarding Learning

General Certificate of Secondary Education

Business Studies

Unit 2

Developing a Business

[GBU21]

Assessment

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for Business Studies.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts and in planning and carrying out investigations and tasks; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Flexibility in marking

Mark schemes are **not** intended to be **totally prescriptive**. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the '**own figure rule**' so that candidates are not penalised more than once for a computational error. Please refer to Q3(b) and Q3(g).

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

Tasks and questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is good.

Level 3: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a limited selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Good): The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 3 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

- 1 (a) (AO1, AO2)
*Explain **two** purposes of a Contract of Employment.*

Two purposes of a Contract of Employment from the following:

- To show the rights and duties of the employee
 - To show the responsibilities of the employer
 - To provide a legal document showing the agreement between the two parties
 - To provide protection and security for both parties
- Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one purpose

[2] marks for a detailed explanation of one purpose or a brief explanation of two purposes

[3] marks for a detailed explanation of one purpose and a brief explanation of a second purpose

[4] marks for a detailed explanation of two purposes [4]

- (b) (AO1, AO2, AO3)
*Discuss **two** advantages and **one** disadvantage of external recruitment for The Quality Bakery.*

Two advantages of external recruitment for The Quality Bakery from the following:

- The range of applicants is wider
- New skills and new ideas are introduced into the bakery
- Choices do not have to be made between existing members of staff
- Does not cause further vacancies in the bakery
- Training would not be required as the new manager would be trained and have experience

One disadvantage of external recruitment for The Quality Bakery from the following:

- New manager would not be familiar with the bakery and the other employees
 - Promotion opportunities are lost for existing staff
 - May be de-motivating for the existing staff
 - Is more expensive than internal recruitment
 - Is slower than internal recruitment
 - Induction training would be required for the new manager
- Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one advantage or one disadvantage

[2] marks for a detailed explanation of one advantage or one disadvantage OR brief explanation of two advantages OR brief explanation of one advantage and one disadvantage

[3] marks for a detailed explanation of one advantage or disadvantage and a brief explanation of a second advantage OR detailed explanation of one advantage and brief explanation of one disadvantage

[4] marks for a detailed explanation of two advantages or a detailed explanation of one advantage and one disadvantage

[5] marks for a detailed explanation of two advantages and a brief explanation of one disadvantage OR a detailed explanation of one advantage and one disadvantage and a brief explanation of a second advantage

[6] marks for a detailed explanation of two advantages and a detailed explanation of one disadvantage [6]

(c) (i) (AO1, AO2, AO3)

*The applicants for the post of manager will be invited to an interview.
Describe an interview as a method of selection.*

Description:

Interview – is when applicants meet representatives of the business to answer questions and discuss the post

Marking:

[1] mark for a brief description of an interview

[2] marks for a detailed description of an interview [2]

(ii) *Discuss **one** advantage and **one** disadvantage of this method of selection for The Quality Bakery.*

One advantage of an interview from the following:

- Shows the level of the applicant's oral communication skills
- Shows the personality and appearance of the applicant
- Shows the applicant's attitude and degree of confidence
- Shows whether or not the applicant will fit into the bakery
- Allows the employer to check information on the Curriculum Vitae/ Application Form
- Allows two-way communication between applicant and employer
- Shows how the applicant copes under pressure

One disadvantage of an interview from the following:

- Does not prove how good the applicant will be at the job
- May be intimidating and make the applicant feel nervous
- Applicant may be good at the job but have poor communication skills
- It is not suitable for all types of work

Valid alternative responses will be credited.

[1] mark for a brief discussion of either an advantage or disadvantage

[2] marks for a detailed discussion of an advantage or disadvantage

[3] marks for a detailed discussion of an advantage or a disadvantage point and a brief discussion of a second point

[4] marks for a detailed discussion of an advantage and a disadvantage [4]

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(d) (AO1, AO2, AO3)

Analyse **three** advantages of staff appraisal for the employer in *The Quality Bakery*.

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Three advantages of staff appraisal for the employer of The Quality Bakery from the following:

- Identifies strengths and weaknesses of employees which provides opportunity for feedback to employees on performance
- Identifies skill shortages in the bakery which identifies opportunities for training and development of employees
- Identifies employees for promotion which may be used to determine employees' salaries
- Employer may use appraisal to set targets for employees which should improve efficiency in the bakery leading to increased profits

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one advantage

[2] marks for a detailed analysis of one advantage OR a brief analysis of two advantages

[3] marks for a detailed analysis of one advantage and a brief analysis of a second advantage OR a brief analysis of three advantages

[4] marks for a detailed analysis of two advantages OR a detailed analysis of one advantage and a brief analysis of two other advantages

[5] marks for a detailed analysis of two advantages and a brief analysis of a third advantage

[6] marks for a detailed analysis of three advantages [6]

(e) (AO1, AO2, AO3)

Analyse **four** factors which would affect job satisfaction in *The Quality Bakery*.

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Four factors which would affect job satisfaction in The Quality Bakery from the following:

- Provision for fringe benefits
- Job security
- Level of responsibility
- Provision for training
- Opportunity for promotion
- Sense of fulfilment/achievement in the job
- Enjoyment derived from the job
- Good working environment
- Good relationship with other employees and/or employer
- Praise/recognition from employer
- Level of payment including bonuses etc
- Conditions of employment, e.g. working hours and holiday provision

Valid alternative responses will be credited.

Marking:

Level 1 ([1]–[3]) marks

Candidate demonstrates little knowledge and understanding of factors affecting job satisfaction. Candidate gives a limited analysis of one to two points. Quality of written communication is basic.

Level 2 ([4]–[6]) marks

Candidate demonstrates adequate knowledge and understanding of factors affecting job satisfaction. Candidate gives a detailed analysis of two to three points. Quality of written communication is good.

Level 3 ([7]–[8]) marks

Candidate demonstrates excellent knowledge and understanding of factors affecting job satisfaction. Candidate gives a detailed analysis of four points. Quality of written communication is excellent.

[8]

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- 2 (a) (AO1)
*Identify **four** signs of success which you would expect to find in The Quality Bakery.*

Four signs of success identified from the following:

- Increasing profit
- Healthy cash flow
- Attracting new competitors into the industry
- Expansion of premises/equipment
- Opening additional outlets
- Increased number of employees
- Favourable customer reviews
- Word of mouth recognition
- Listings on social media/increased publicity
- Increased sales/share of the market
- Good corporate image

Valid alternative responses will be credited.

Marking:

[1] mark for identification of one appropriate sign of success

[2] marks for identification of two appropriate signs of success

[3] marks for identification of three appropriate signs of success

[4] marks for identification of four appropriate signs of success [4]

- (b) (AO1 AO2, AO3)

*Analyse **three** advantages of growth for The Quality Bakery.*

Three advantages analysed from the following:

- Increased profits
- Greater market influence
- Economies of Scale
- Increased sales/market share
- Increased range of products
- Better corporate image/reputation
- May eliminate competitors
- Easier access to loans
- Possible increased capital
- Improved staff morale

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one advantage

[2] marks for a detailed analysis of one advantage **or** a brief analysis of two advantages

[3] marks for a detailed analysis of one advantage and a brief analysis of a second advantage **or** a brief analysis of three advantages

[4] marks for a detailed analysis of two advantages **OR** a detailed analysis of one advantage and a brief analysis of two other advantages

[5] marks for a detailed analysis of two advantages and a brief analysis of a third advantage

[6] marks for a detailed analysis of three advantages [6]

(c) (AO1 AO2, AO3)

Analyse **three** disadvantages of growth for *The Quality Bakery*.

Three disadvantages analysed from the following:

- Communication may be more difficult in a bigger organisation which means decision making may be slower
- Increased costs, e.g. more buildings/more staff would be needed which means additional capital would be required
- Increased difficulties of co-ordination which leads to risk of poor staff morale
- Diseconomies of scale may result
- Wider market would lead to increased competition
- Bad reputation if others are put out of business
- Lack of motivation

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one disadvantage

[2] marks for a detailed analysis of one disadvantage OR a brief analysis of two disadvantages

[3] marks for a detailed analysis of one disadvantage and a brief analysis of a second disadvantage OR a brief analysis of three disadvantages

[4] marks for a detailed analysis of two disadvantages OR a detailed analysis of one disadvantage and a brief analysis of two other disadvantages

[5] marks for a detailed analysis of two disadvantages and a brief analysis of a third disadvantage

[6] marks for a detailed analysis of three disadvantages [6]

(d) (AO1, AO2, AO3)

Analyse **three** ethical implications which growth might have for *The Quality Bakery*.

Three analysed ethical implications from the following:

- The bakery will be able to provide more employment or give increased opportunities for staff promotion
- Increased profits may be passed on in the form of increased wages/ employees paid a fair wage
- Prices may be lower due to economies of scale/consumers charged fair prices
- The bakery will pay more tax which benefits the economy
- The bakery may be able to sponsor local charitable events
- Other smaller bakeries may have to close
- Respect the local environment and community

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one implication

[2] marks for a detailed analysis of one implication **or** brief analysis of two implications

[3] marks for a detailed analysis of one implication and a brief analysis of a second implication **or** a brief analysis of three implications

[4] marks for a detailed analysis of two implications OR a detailed analysis of one implication and a brief analysis of two other implications

[5] marks for a detailed analysis of two implications and a brief analysis of a third implication

[6] marks for a detailed analysis of three implications [6]

(e) (AO1, AO2, AO3)

Evaluate the following types of internal/organic growth.

Decide which type is most suitable for The Quality Bakery.

Reinvestment

Peter would use his profits to improve or expand the bakery so he would not have to pay interest.

Reinvestment is short term as Peter would eventually need to withdraw some profit for personal use.

Expansion of Product Range

Peter could introduce additional products to his range of cakes and breads already on sale. This would increase sales and profit which would help the bakery to grow.

There could be additional costs incurred, e.g. market research/research and development/new machinery. There is no guarantee of new product success.

Increased Sales Activity

Peter could increase his sales activity by selling his cakes and breads in a larger number of outlets over a wider area.

He could also increase the volume of sales in his own shops.

Additional costs of additional staff/distribution/marketing.

Conclusion:

Candidate should choose and justify any option for The Quality Bakery, e.g. increasing sales activity would create extra profit but would incur minimum costs which would help the bakery to grow.

Valid alternative responses will be credited.

Marking:

Level 1 ([1]–[3]) marks

Candidate demonstrates little knowledge and understanding of types of internal/organic growth. Candidate gives an evaluation of one type of internal/organic growth and a limited conclusion of which type is most suitable. Quality of written communication is basic.

Level 2 ([4]–[6]) marks

Candidate demonstrates adequate knowledge and understanding of types of internal/organic growth. Candidate gives an evaluation of two to three types of internal/organic growth and a good conclusion of which type is most suitable. Quality of written communication is good.

Level 3 ([7]–[8]) marks

Candidate demonstrates excellent knowledge and understanding of types of internal/organic growth. Candidate gives an evaluation of all three types of internal/organic growth and an excellent conclusion of which type is most suitable. Quality of written communication is excellent.

[8]

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3 (a) (AO1, AO2)

Explain **two** purposes of a Cash Flow Forecast for The Quality Bakery.

Two explained purposes from the following:

- It enables the bakery to plan expenditure for the forthcoming year
- It shows the amount and timing of cash which will be required
- It shows when loans might be repaid
- It acts as a check on spending
- It supports the bakery's business plan
- It sets targets for the bakery
- It supports loan applications

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one purpose

[2] marks for a detailed explanation of one purpose or a brief explanation of two purposes

[3] marks for a detailed explanation of one purpose and a brief explanation of a second purpose

[4] marks for a detailed explanation of two purposes [4]

(b) (AO1)

Complete the Cash Flow Forecast showing the figures for the following:

Sales for July	£28,670
Purchases for July	£16,234
Total Receipts for August	£85,962
Closing Balance for August	£44,562
Opening Balance for September	£44,562
Total Payments for September	£13,425

Marking:

[1] mark for one correct figure

[2] marks for two correct figures

[3] marks for three correct figures

[4] marks for four correct figures

[5] marks for five correct figures

[6] marks for six correct figures [6]

(The own figure rule must apply in Question 3(b) as per general marking instructions. Candidates are not penalised more than once for a computational error.)

This will apply to Closing Balance for August/Opening Balance for September if the candidate incorrectly calculates total receipts for August.

[1] mark will be lost for total receipts but if they use that incorrect figure to calculate the balances then OFR applies.

(c) (AO2, AO3)

Compare the forecasted opening balance in July with the forecasted closing balance in September and comment on the expected performance of The Quality Bakery during the three months.

- It is forecast that the closing balance after three months trading will have increased by £15,513
- This is an increase of 33.7%
- This would be an excellent result for the bakery
- It is particularly excellent considering that new machinery was going to be bought

Valid alternative responses will be credited.

Marking:

[1] mark for calculating that the closing balance would have increased

[2] marks for calculating that the closing balance would have increased by £15,513 or 33.7%

[3] marks for calculating that the closing balance would have increased by £15,513 or 33.7% and commenting that the result is good/excellent

[4] marks for calculating that the closing balance would have increased by £15,513 or 33.7% and commenting that the result is good/excellent noting that machinery will be purchased [4]

(d) (AO2, AO3)

*Analyse **two** consequences for The Quality Bakery if the Cash Flow Forecast is prepared incorrectly.*

Two consequences analysed from the following:

- It could cause a shortage of working capital
- The bakery may not be able to pay wages or suppliers
- It may cause capital to be unused
- Some of the bakery's assets may have to be sold
- Purchases may be made at the wrong time
- Trading opportunities may be lost
- In extreme cases, the bakery may have to close
- It would be more difficult to get loans
- Stock levels may be inaccurate

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one consequence

[2] marks for a detailed analysis of one consequence **or** a brief analysis of two consequences

[3] marks for a detailed analysis of one consequence and a brief analysis of a second consequence

[4] marks for a detailed analysis of two consequences [4]

- (e) (AO1)
Calculate the Break-even Point per month for cake sales.

Calculation of the Break-even Point:

$$\begin{aligned}\text{Break-even Point} &= \frac{\text{Total Fixed Costs}}{\text{Selling Price per cake} - \text{Variable cost per cake}} \\ &= \frac{6000}{5 - 2} \\ &= 2000 \text{ cakes/units}\end{aligned}$$

Marking:

[1] mark × 1 for correct substitution of figures and correct answer without 'cakes'/units

[2] marks × 1 for correct final answer including 'cakes'/units [2]

- (f) (AO2, AO3)
*Explain **two** reasons why it is important for Peter to know the Break-even Point in The Quality Bakery.*

Explanation of two reasons for the importance of the Break-even Point from the following:

- It shows the number of cakes which must be sold in order to make a profit
- It shows the level of costs which the bakery can bear
- It shows the price which must be charged for cakes
- It shows how changes in the price would affect the bakery's profit

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one reason why the break-even point is important

[2] marks for a detailed explanation of one reason OR a brief explanation of two reasons

[3] marks for a detailed explanation of one reason and a brief explanation of a second reason

[4] marks for a detailed explanation of two reasons why the break-even point is important [4]

(g) (AO1, AO2, AO3)

(i) Calculate the Margin of Safety for The Quality Bakery.

- In The Quality Bakery the Margin of Safety is calculated at 1000 cakes [2]

(If the candidate calculates the Break-even Point incorrectly in Question 3(e) then the own figure rule must apply as per general marking instructions. Candidates are not penalised more than once for a computational error. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations.)

(ii) Explain the meaning of Margin of Safety and its significance for The Quality Bakery.

- The Margin of Safety is the amount of sales in excess of the Break-even Point
- It is significant because it shows that Peter is making a good profit
- It shows that the bakery is capable of selling at this higher level which then becomes its selected operating point

Valid alternative responses will be credited.

Marking:

- [1] mark for brief explanation of the meaning of Margin of Safety
- [2] marks for a detailed explanation of the meaning of Margin of Safety OR a brief explanation of the Margin of Safety and a brief explanation of its significance
- [3] marks for a detailed explanation of the Margin of Safety and a brief explanation of its significance
- [4] marks for a detailed explanation of the Margin of Safety and a detailed explanation of its significance [4]

Total

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30

90

